

# UMW Holdings Berhad Results Briefing – 1Q 2023

26 May 2023

*Group Investor & Media Relations*



# Table of Contents

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**Part 1: 1Q 2023 Key Highlights**

**Part 2: 1Q 2023 Financial Highlights**

**Part 3: Operational Updates and Outlook**

**Part 4: Redefining Sustainability**

# **1Q 2023 Key Highlights**

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# Key Highlights of 1Q 2023 Financial Results

Exceeded pre-pandemic levels – highest quarterly revenue for UMW Group

RM m	1Q 2023	1Q 2022	Y-o-Y	4Q 2022	Q-o-Q
Revenue	4,380	3,651	▲ 20%	4,375	▲ < 1%
PBTZ	251	216	▲ 16%	219	▲ 15%
PAT	204	173	▲ 18%	172	▲ 19%
PATAMI	134	101	▲ 33%	106	▲ 26%
Basic EPS (sen)	11.51	8.66	▲ 33%	9.07	▲ 27%

**1Q  
2023**

## Y-o-Y

- Higher contribution from all segments, riding on the sustained growth momentum.
- The strong growth was mainly driven by the Automotive segment which had to deliver the SST-exempted vehicles by 31 March 2023.

## Q-o-Q

- Improved PBTZ was mainly contributed by the Automotive and Equipment segments.

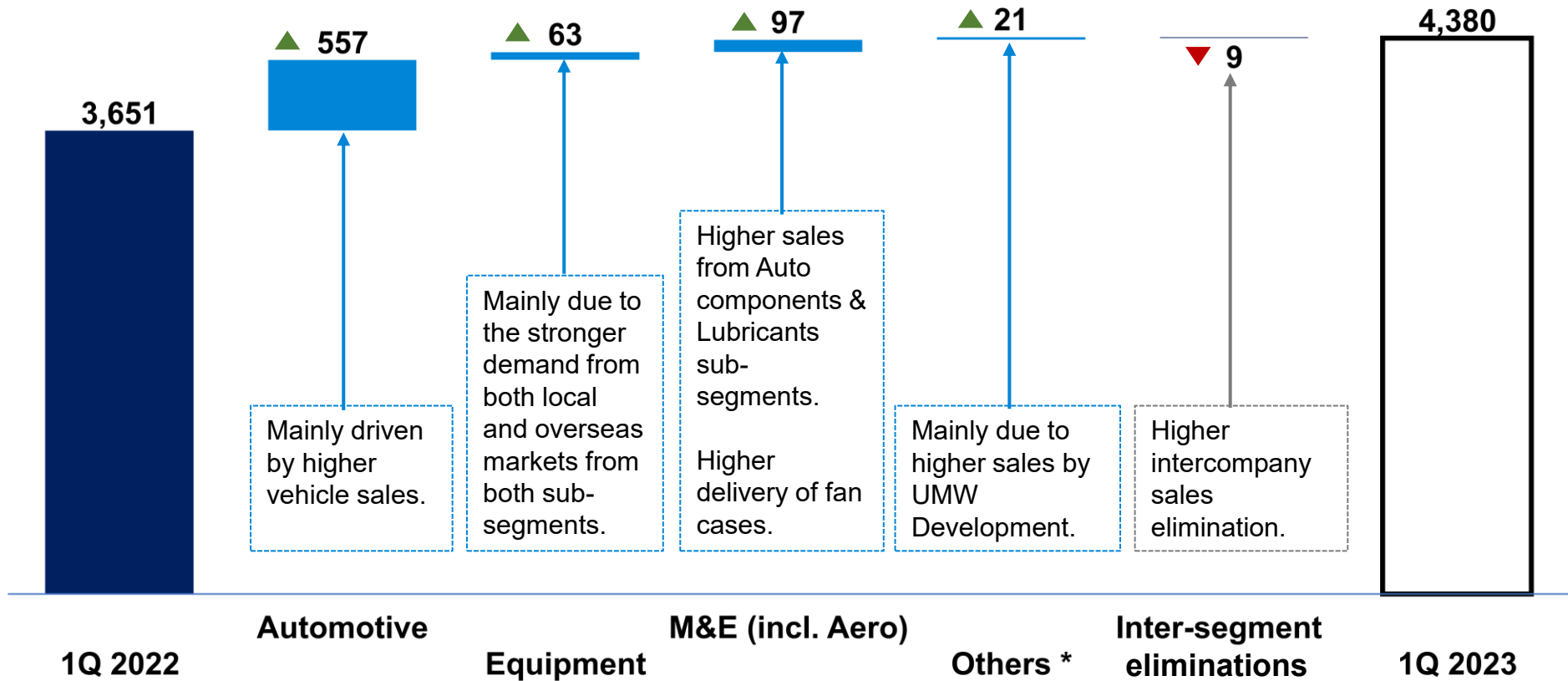
# 1Q 2023 Financial Results

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# Group Revenue – 1Q 2023 vs 1Q 2022

Increased by 20% driven by higher contribution from all segments

RM m



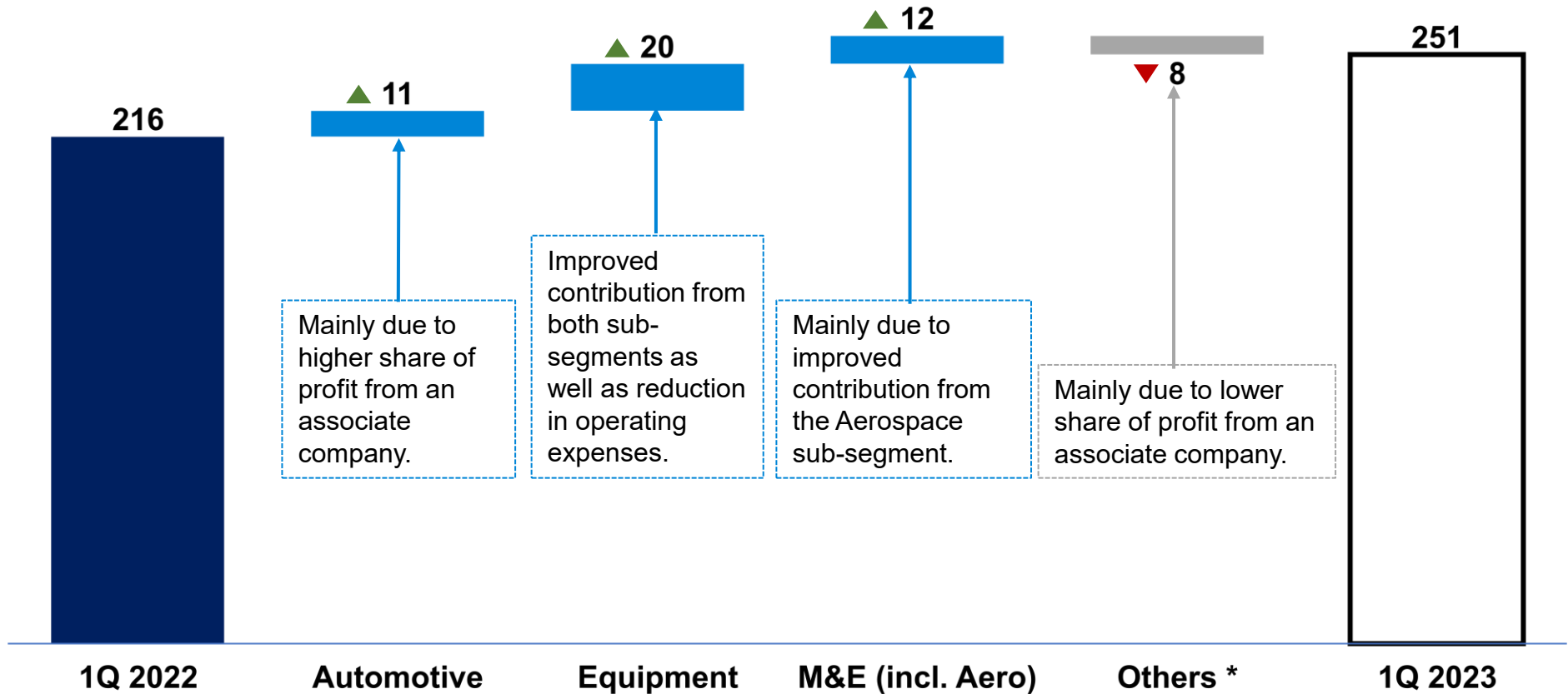
\* The segment under Others which does not generate significant external revenue mainly relates to activities such as property development, information technology, management and corporate services, various professional services and research and development.

Note: Calculation of variance above varies to 1Q 2023 Financial Report in Bursa Malaysia's website due to rounding difference.

# Group PBTZ – 1Q 2023 vs 1Q 2022

16% higher due to improved contribution from core business segments

RM m



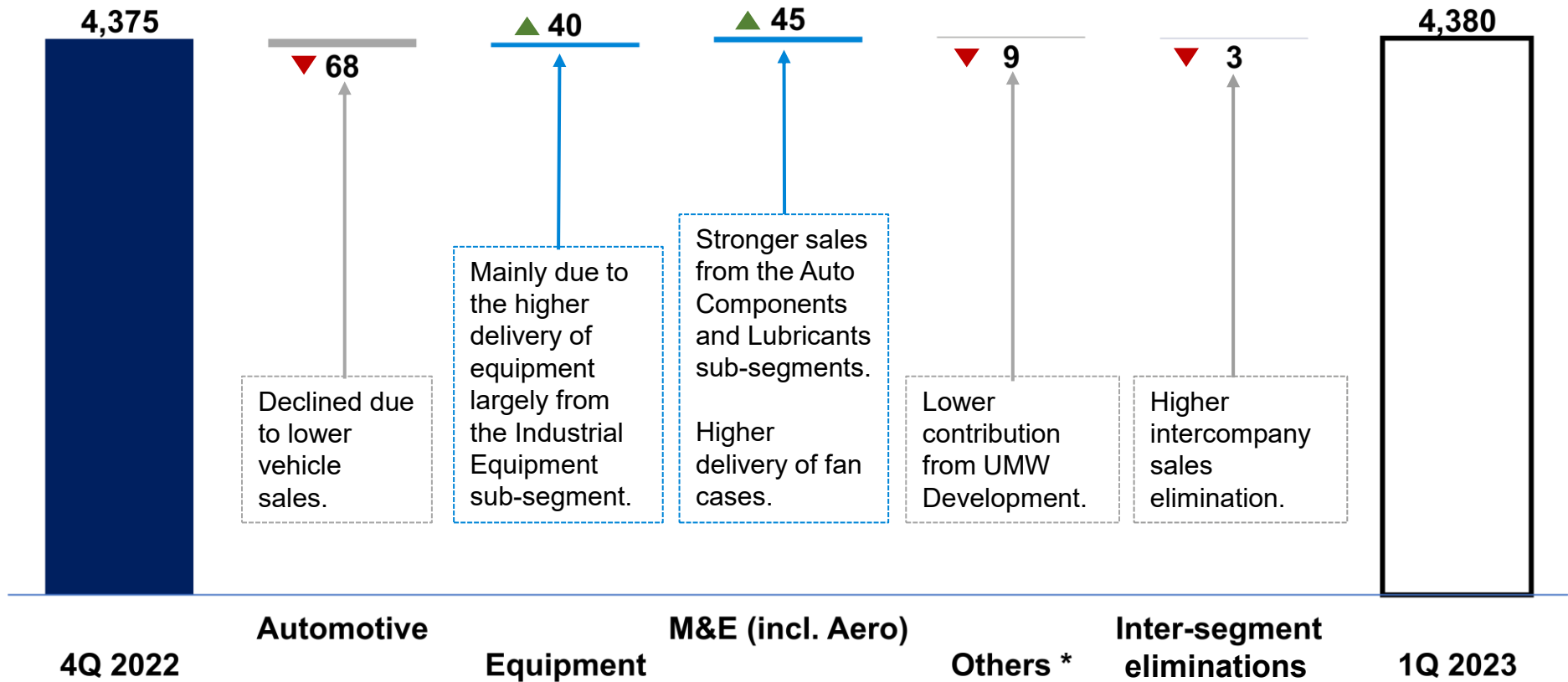
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# Group Revenue – 1Q 2023 vs 4Q 2022

Higher contribution from Equipment and M&E segments cushioned the drop in vehicle sales

RM m



\* The segment under Others which does not generate significant external revenue mainly relates to activities such as property development, information technology, management and corporate services, various professional services and research and development.

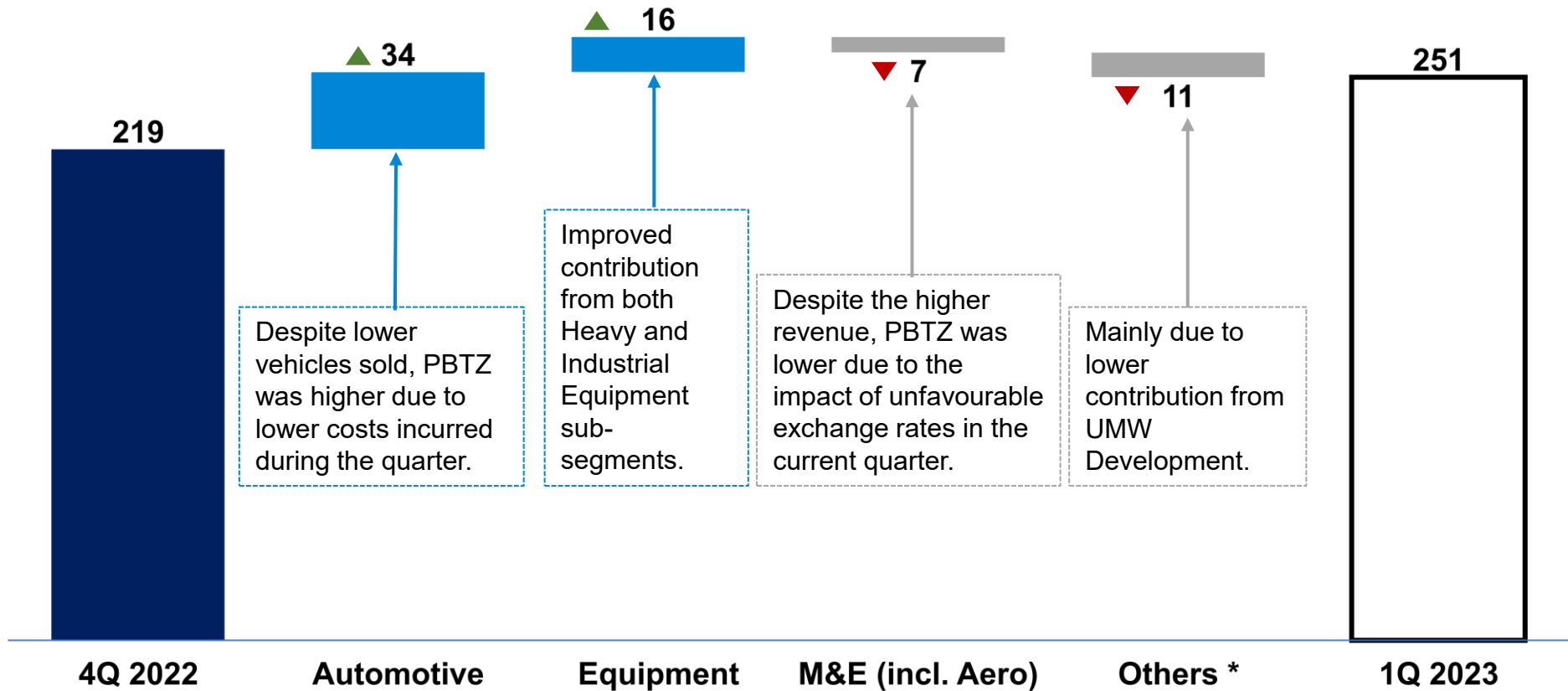
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# Group PBTZ – 1Q 2023 vs 4Q 2022

## Higher contribution from the Automotive and Equipment segments

RM m

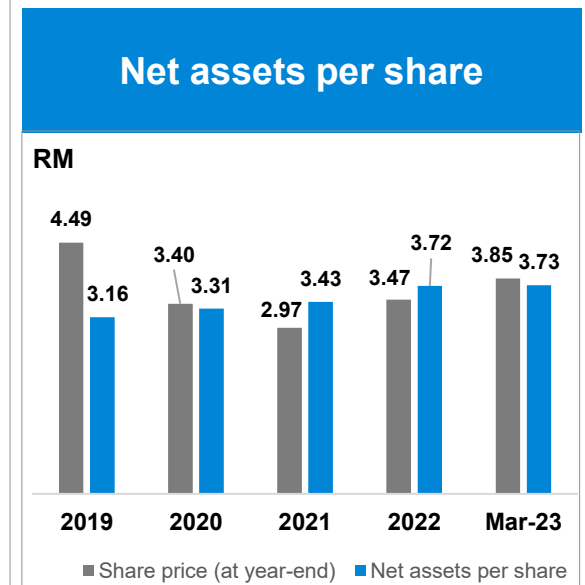
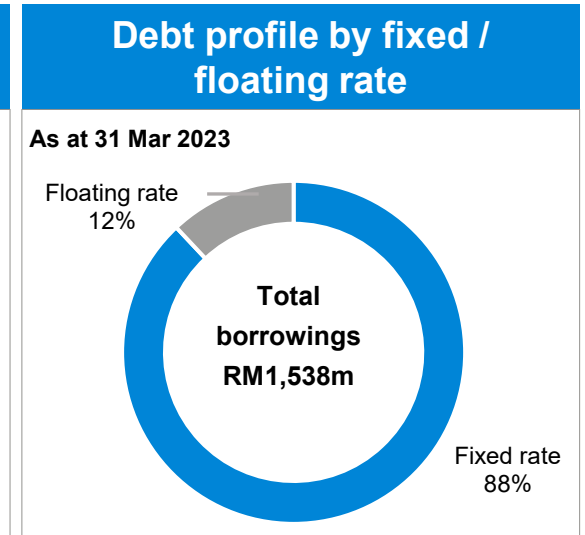
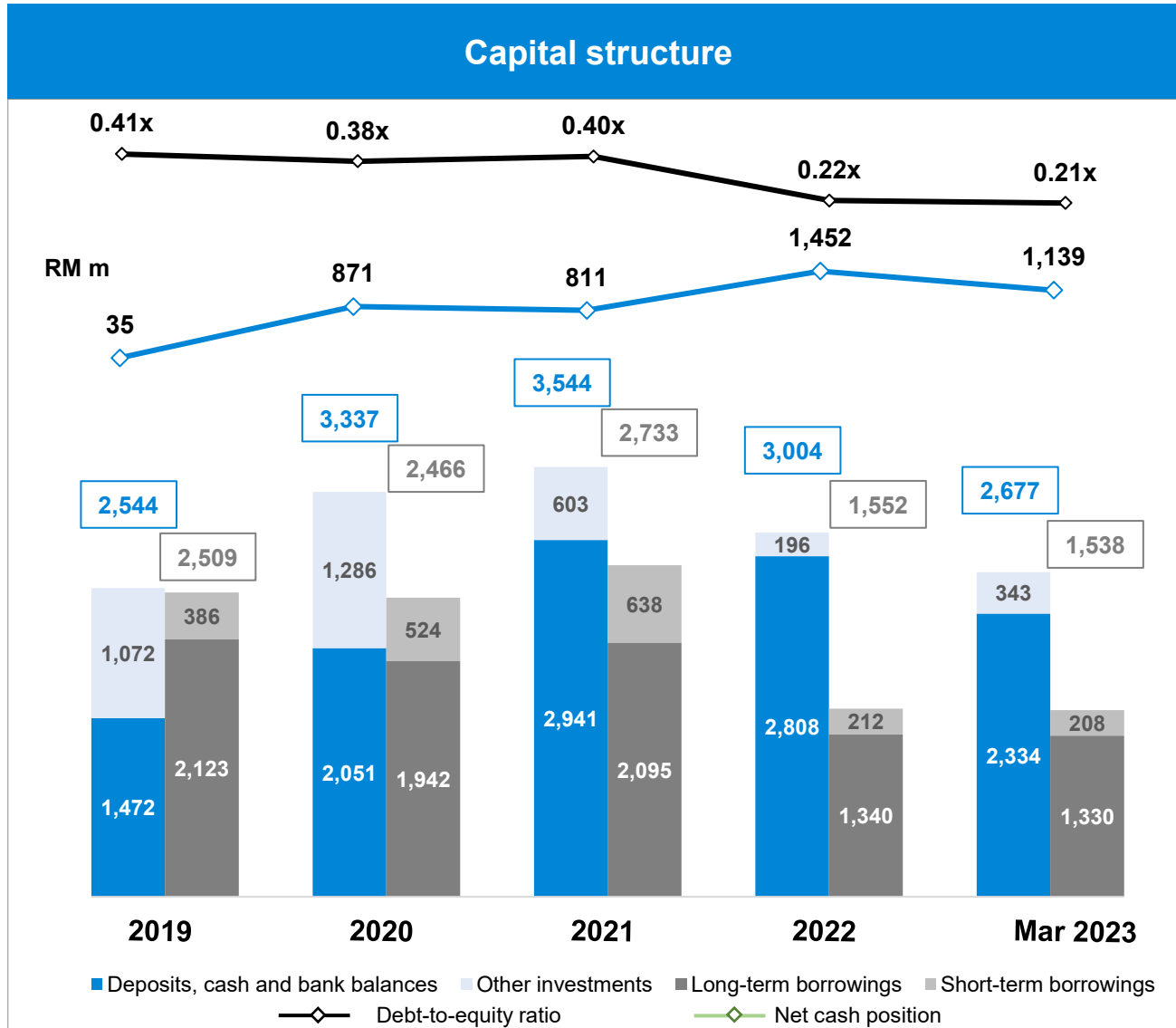


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# Capital structure and debt profile

## Improved capital structure – ample cash reserves to meet debt obligations



## **2023 Outlook – Challenges and Counter Measures**

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# 2023 - Challenges and Counter Measures

Will continue to drive our CREST@UMW initiatives to mitigate the impact of challenges and deliver value to our stakeholders



## Challenges



## Counter Measures

### Geopolitical risk

Russia-Ukraine war leads to disruption in global supply chain.



### Stakeholder engagement

Continue to work closely with principals, suppliers and other stakeholders to mitigate or minimise the impact.

### Rise in raw material prices

Leads to increase in cost of components.



### Cost optimisation

Undertake continuous cost optimisation initiatives.

### High inflation and resultant high interest rate environment

May lead to slow down in the global economy and demand.



### Sukuk rating sustainability

Reaffirmed at AA+ rating. Strive to sustain the current rating amidst the business challenges.

### Forex volatility

Due to high inflation, high interest rate environment and negative geopolitical outlook.



### Forex hedging

Closely monitor the movement to hedge at a competitive rate.

### Market disruption

Arising from impending influx of EVs.



### Expansion of current business model

Introduction of more hybrid models, more engagements with TMC and DMC, explore new business ventures and accelerate innovation cycle within UMW.

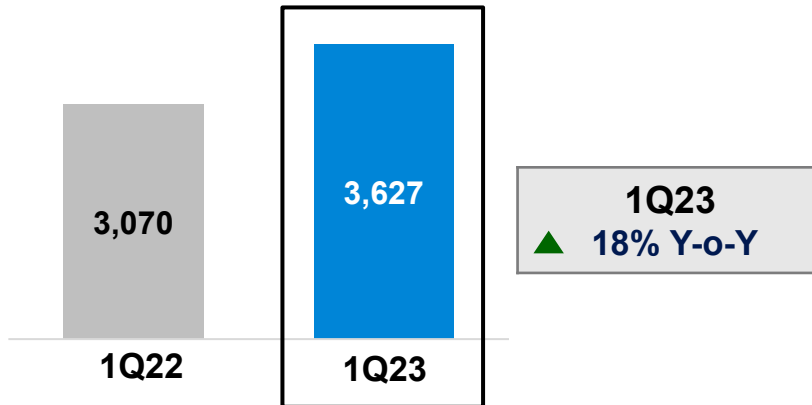
## **1Q 2023 Segmental Results**

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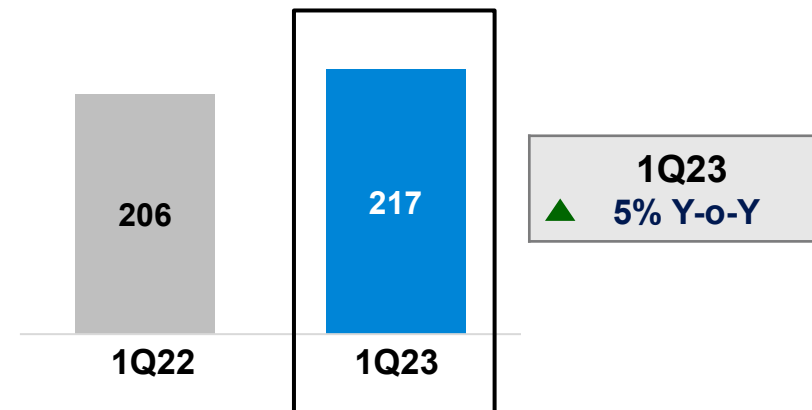
# Automotive Segment

Strong performance driven by the sales tax exemption & introduction of new models

## Revenue (RM million)



## Profit Before Taxation and Zakat (RM million)



## Automotive Results

### 1Q 2023 Financial Results

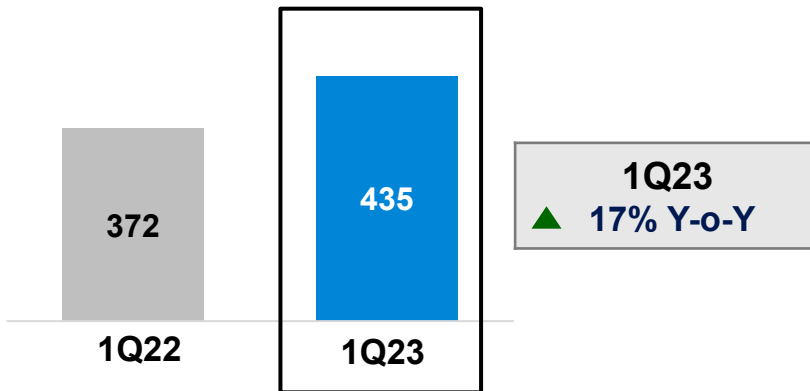
- Revenue was 18% higher year-on-year, mainly due to higher number of vehicles sold. The segment benefitted from the delivery of the SST-exempted vehicles by 31 March 2023.
- In line with the higher revenue, the segment's PBTZ improved in the first quarter of 2023.

Note: Calculation of variance above varies to 1Q 2023 Financial Report in Bursa Malaysia's website due to rounding difference.

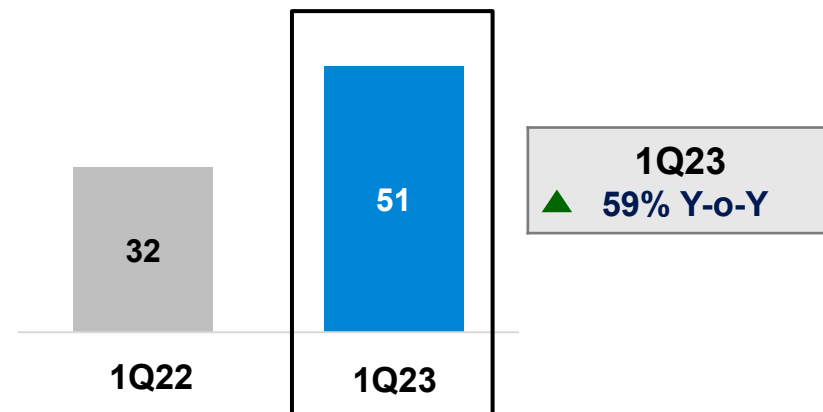
# Equipment Segment

Encouraging demand in both local and overseas markets

## Revenue (RM million)



## Profit Before Taxation and Zakat (RM million)



## Equipment Results

### 1Q 2023 Financial Results

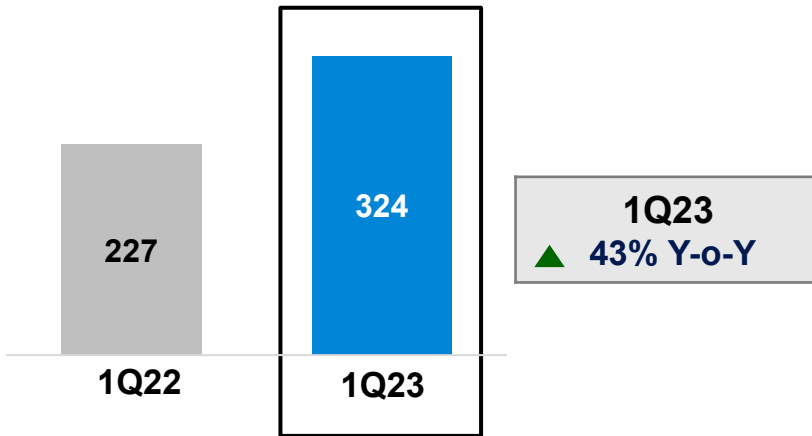
- The revenue was 17% higher year-on-year, mainly due to the encouraging demand in both local and overseas markets in the current quarter.
- The increase in PBTZ was further accelerated by the continued cost optimisation initiatives undertaken by all companies within the segment.

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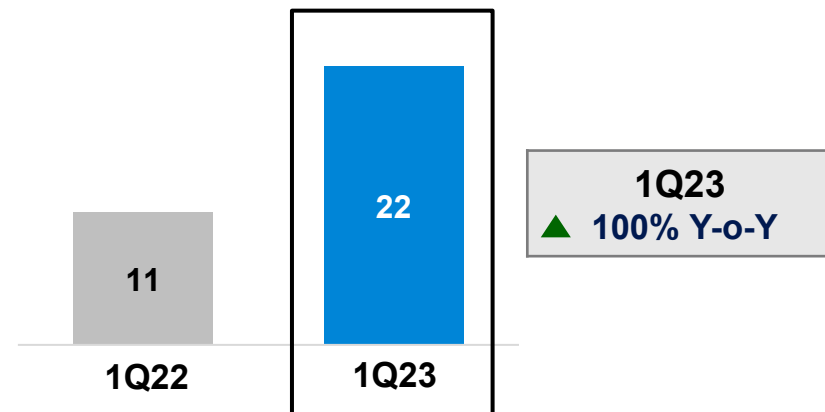
# Manufacturing & Engineering and Aerospace Segments

All sub-segments performed better, leading to 100% growth in PBTZ

## Revenue (RM million)



## Profit Before Taxation and Zakat (RM million)



## Manufacturing & Engineering and Aerospace segments

### 1Q 2023 Financial Results

- Revenue grew by 43% compared with the corresponding quarter. The improved performance was attributable to the higher contribution from all sub-segments.
- The growth in Auto components and Lubricants sub-segments was in line with the strong sales registered by the automotive industry.
- The Aerospace sub-segment registered higher sales due to higher delivery of fan cases.
- PBTZ doubled in 1Q 2023 to RM22m.

Note: Calculation of variance above varies to 1Q 2023 Financial Report in Bursa Malaysia's website due to rounding difference.



## **Operational Updates and Outlook**

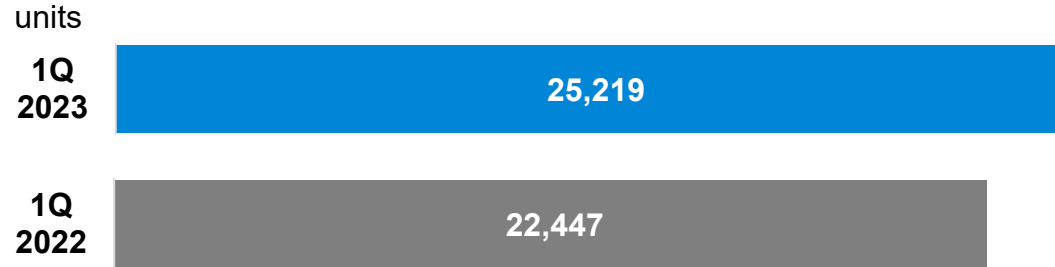
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# Automotive Segment - Sales Breakdown

Strong sales supported by the sales tax exemption as well as new models



**Market leader in the non-National segment**



▲ 12% Y-o-Y

**1Q 2023 best-selling models**



Hilux



Corolla Cross

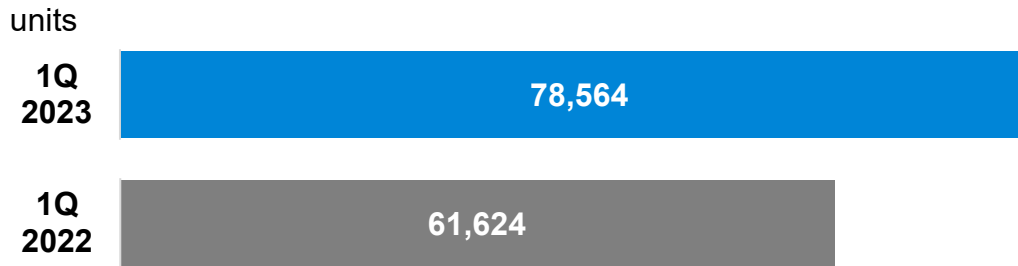


Yaris

**61%**  
of total  
UMWT  
sales



**Maintained market leadership since 2006**



▲ 27% Y-o-Y

Outperformed the domestic automotive industry

**1Q 2023 best-selling models**



Bezza



Myvi



Axia

**70%**  
of total  
Perodua  
sales



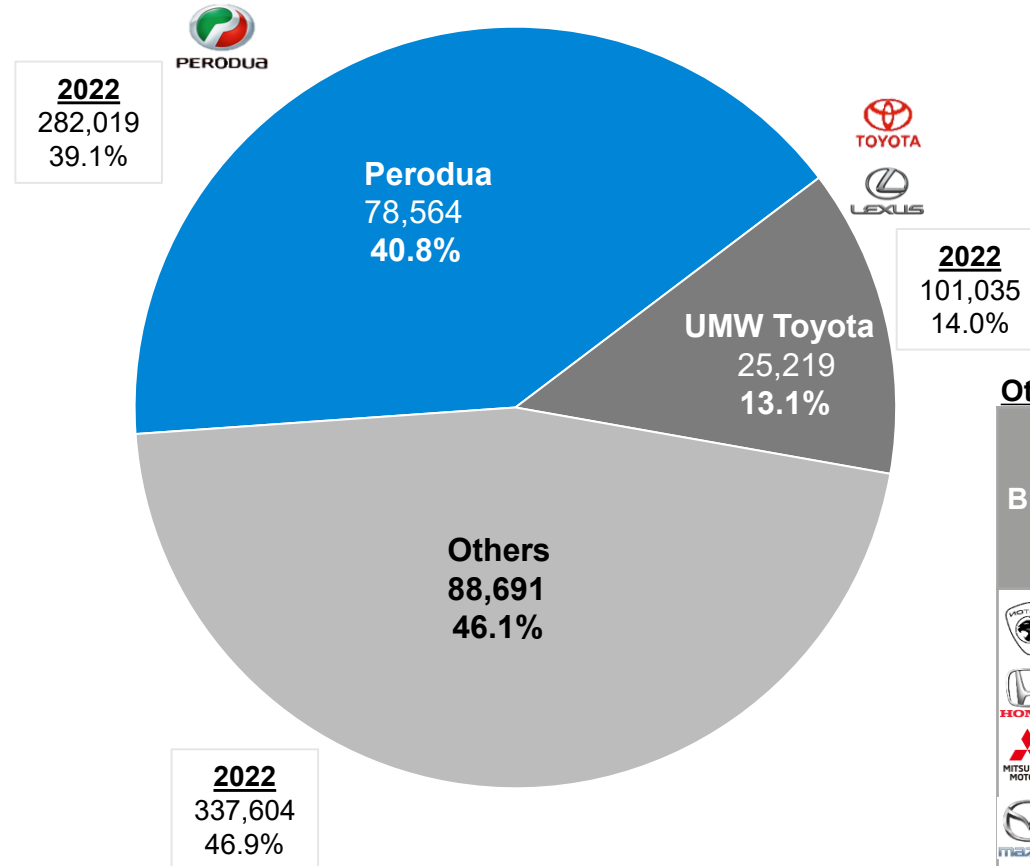
**1Q 2023 sales**  
**192,474 units**  
▲ 20% Y-o-Y

**2023 sales target of**  
**650,000 units**  
▼ 10% Y-o-Y

# Automotive Segment – Market Share

The Group registered its highest market share on record

**UMW Group's market share for 1Q 2023 was 53.9% (2022 – 53.1%).**



Other Carmakers' Sales and Market Share

Brand	1Q 2023		2022	
	Units	Market Share %	Units	Market Share %
 Proton	39,871	20.7	136,026	18.9
 Honda	17,507	9.1	80,290	11.1
 Mitsubishi	6,594	3.4	24,017	3.3
 Mazda	4,660	2.4	14,644	2.0
 Nissan	2,500	1.3	13,785	1.9
Other brands	17,559	9.2	68,842	9.7
<b>Total TIV</b>	<b>192,474</b>		<b>720,658</b>	

Source: Malaysian Automotive Association

# Automotive Segment – UMW Toyota Motor

## Remain competitive with improved products and services



### Maintain strong brand reputation – No.1 in the non-National automotive segment



Several new models to be launched in 2023 to continue to spur demand and support sales

- The all-new Vios was on launched on 20 March.
- Order taking for the all-new Lexus RX 350 commenced last week.



Continuous development of a strong ecosystem support – vendor development program, supply chain

Continue to work closely with principals, suppliers and other stakeholders.



Maintain excellence in customer service

In 2022, Customer Service Operations surpassed 1.25 million vehicles



Covers vehicles of all ages.



Rewarding customers for purchases, servicing or repairs, and even for vehicle insurance renewals.



Money-saving holistic maintenance plans.



### Provide innovative vehicle financing solutions

To continue to drive sales by providing innovative vehicle financing solutions to customers.

Includes the **Toyota EZ Beli** programme, in collaboration with Toyota Capital Malaysia. The EzBeli+ is designed specifically for hybrid vehicles.



Sales target of **93,000 units**  
▼ 8% Y-o-Y

On top of the outstanding orders, new and facelift models are expected to continue to drive sales.

# Automotive Segment – Perodua

## To continue to remain as market leader



**Sustain market leadership position with best value model offering** – maintained pole position for the 17<sup>th</sup> consecutive year in 2022.



**Focus on delivery of outstanding orders**

- Will continue to invest to improve its production efficiency and capacity.



**New models to continue to drive sales**

- All-new Axia was introduced on 14 February 2023.
- To be further supported by facelifted models.



**High prioritisation** in the area of **plant capacity and vendor capability**

- Production mapping, digitalisation, drivetrain system, manpower capabilities, Carbon Neutral compliance.
- Vendor & eco-system sustainability.



**Recovery plan for export market**

- Study and explore new potential market – focusing on Asean and new Right-Hand Drive countries.
- Strategise the pricing and logistics management.



**2023**

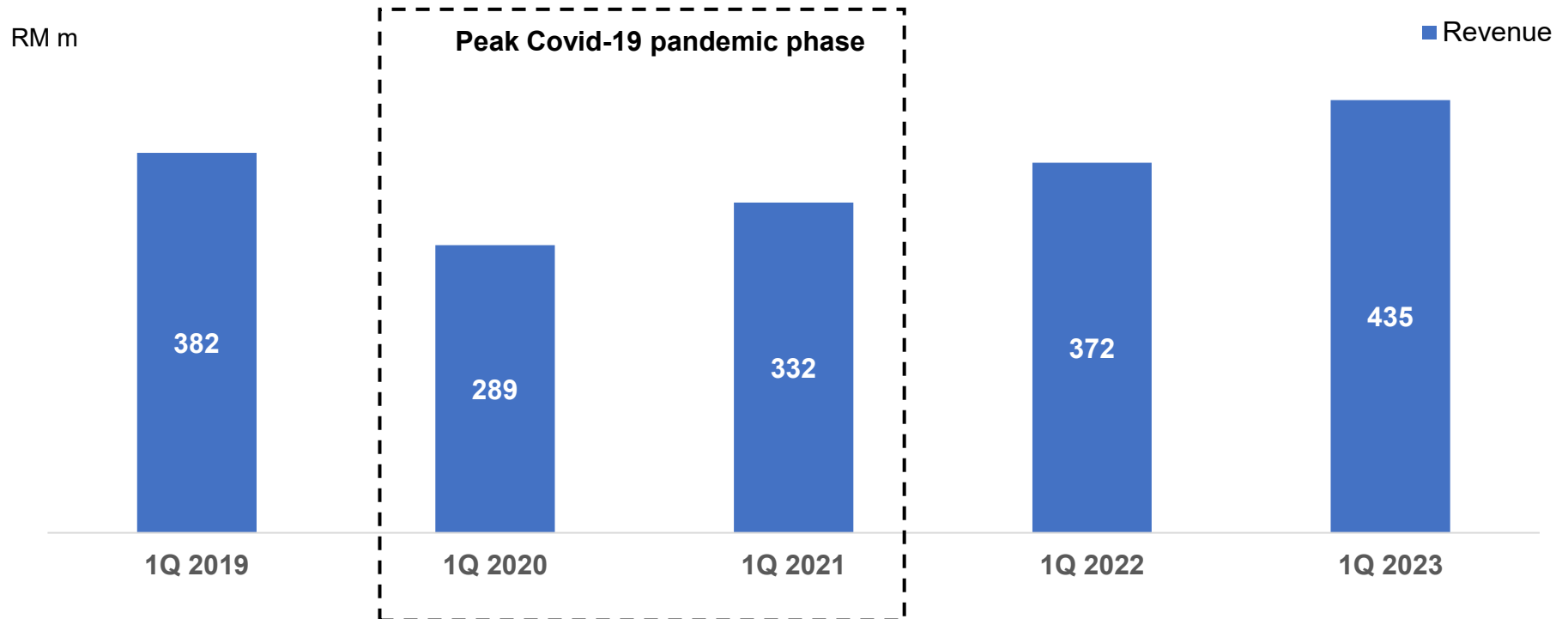


**Sales target of  
314,000 units**  
▲ 11% Y-o-Y

**Continue to offer competitively priced cars as well as incorporating advanced safety features in its products; realising the Perodua Smart Build objective.**

# Equipment Segment – Revenue breakdown

Demand for equipment is driven by the improving economic growth



## Other key segmental highlights:

- 1 Toyota forklift maintained its market leadership position in Malaysia’s material handling equipment business.
- % Komatsu strengthened its market share in Malaysia and Singapore, with deliveries to the construction sectors being the biggest contributor in both countries as well as the agriculture sector in Malaysia.

# Equipment Segment - Industrial Equipment

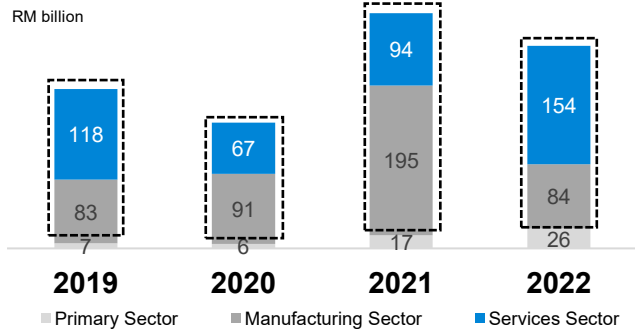
## Outstanding industrial equipment orders to sustain performance



### Outlook



**Realisation of approved investment in the Manufacturing and Services sectors to support demand in Malaysia**



Source: MIDA (latest available data) and media reports



**Expected rebound in China's economy following the lifting of pandemic restrictions**

This will boost the logistics and warehousing sectors in the region, with China's rising exports



**Growing demand for electric forklifts as businesses move towards electrification**



### Growth strategy

**Established refurbishment regional hub** – close to 500 units have been refurbished.

**Promotion of 'Go Green' project** - to convert diesel to electric forklifts through rental / buy-back and generate volume for refurbishment program.

**Expansion of Logistics Automation Solution business** to cater to different needs of customers.

# Equipment Segment - Heavy Equipment

## Continuation of new and existing investments to support growth



### Outlook



**Continued realisation of multi-year infrastructure projects to provide further lift to growth.**



Key Infrastructure Projects in Malaysia:



**ECRL**  
RM75b



**LRT3**  
RM17b



**Pan Borneo Highway**  
RM28b

Source: BNM and media reports



Increased government spending expected in 2023, especially for roads and bridges through the “Connect PNG” infrastructure project.



**Higher commodity prices had been supportive of demand for heavy machineries.**

Papua New Guinea and East Malaysia operations supported by recovery in the mining and plantation sectors on top of the infrastructure developments.



### Growth strategy

**Further expansion into agriculture sector** for oil palm replanting segment.

**Project and sector-based market coverage** to tap on recovery in the construction sector as well as favourable commodity prices.

Promotion of new equipment through **new products launch** and **introduction of hybrid hydraulic excavators.**

**Parts & Service sales expansion** through after market activities.

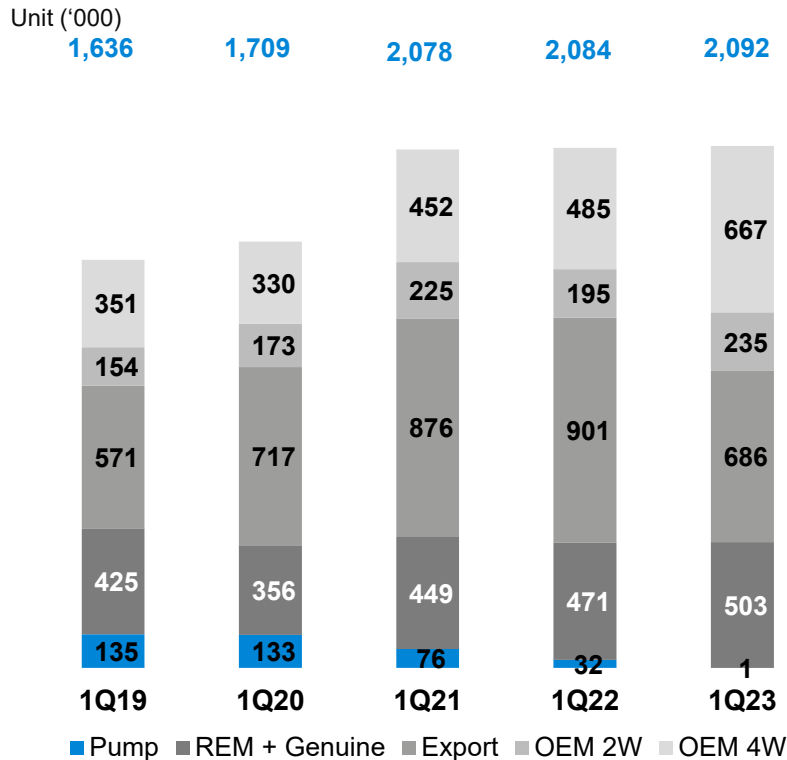
Collaboration with financial institutions to **offer innovative financing schemes.**



# Manufacturing & Engineering Segment – Sales Breakdown

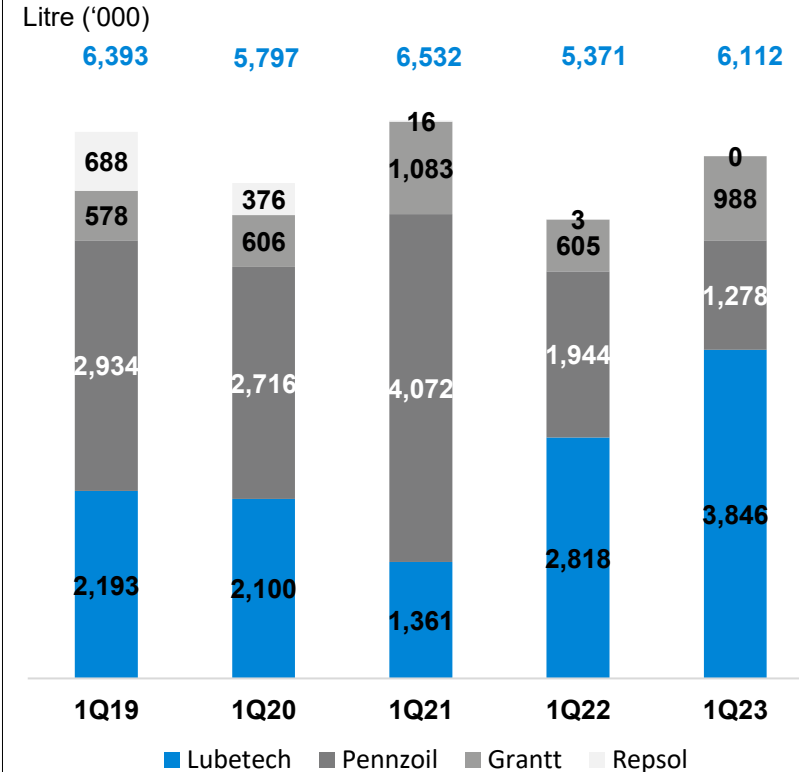
Backed by improved demand in the automotive sector

## KYB-UMW (units sold)



Sales of KYB shock absorbers, OEM 4W, OEM 2W and REM markets, increased in 1Q 2023.

## Lube Group (litres sold)



Sales of lubricants increased by 14% in 1Q 2023, mainly supported by the higher sales registered by Lubetech and Grantt.

# M&E Segment - Auto Components

## KYB Plant Modernisation to enhance productivity and improve capability



### Outlook



**Vehicle sales is expected to remain robust, despite the expiry of the SST exemption.**

This is supported by high outstanding bookings and new model launches, for both the domestic and export markets.

Currently exports to 39 countries.



### Growth strategy

**Sustain growth of OEM 4W, OEM 2W and export**  
– to enhance Quality, Cost and Delivery capability.

**Expand market share in REM and strengthen product development.**

**Increase automation level in operations**  
– to improve efficiency and productivity.

**Innovation in new products & technology**  
– including “Green Products”.

# M&E Segment - Lubricants

## Fully leverage on the new smart lubricant plant to improve sales



### Outlook



**Malaysia's lubricants market is projected to register a growth of 3% in 2023, supported by the reopening of economy.**

Driven by the automotive lubricant (PCMO, MCO, DEO) market, which occupies the highest share of overall lubricant market in Malaysia (65%).



**China's reopening from Covid-19 restrictions to support demand.**

Continue to be a stable contributor, with focus on vehicles and industrial oil.



### Growth strategy

**Capitalise on additional 70% capacity to 60 million litres per year from the new Smart Lubricant plant** – to start operations in 2H 2023.

- Expansion of toll blending contract.
- Explore opportunities, especially in the industrial segment.

**Products diversification, such as:**

- Ancillary Lube (brake fluid and coolant)
- 'Green Product' offering – potentially a total of 4 green lubricants products

Bio-Hydraulics (VG46 and VG68) - launched in 2022, Food Grade Bio-Grease and Food Grade Bio-Hydraulics

**Launched Malaysia's first commercial Bio-Hydraulic lubricants**



- Hydraulic fluid produced from locally-sourced palm oil, replacing mineral oil.
- Biodegradable in 28 days, non-bio accumulative and non-toxic.



**Meets the growing demand for greener lubricants to address concerns over the environment.**

# Aerospace Segment

## Continue to look at opportunities to optimise plant utilisation



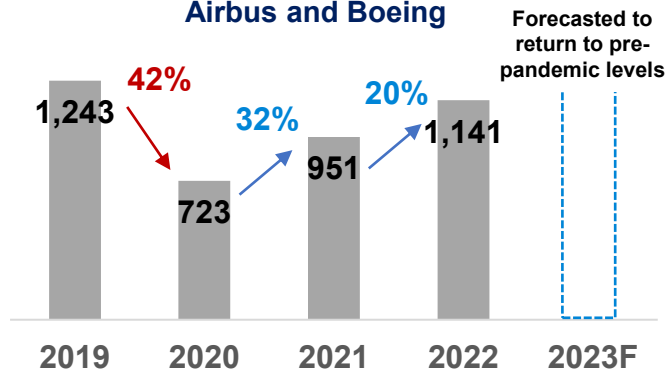
### Outlook



#### Demand to be underpinned by resumption of air travel

- Air travel is expected to reach the pre-pandemic level by this year.
- This will lead to new orders for planes by the airlines and together with the clearing of the backlog orders, will translate into growth prospect for the aerospace business.

#### Total commercial aircraft deliveries by Airbus and Boeing



Source: [www.dsm.forecastinternational.com](http://www.dsm.forecastinternational.com)



### Growth strategy

**Ride on the industry recovery trend to ramp-up production and improve plant capacity utilisation.** Rolls-Royce's 2023-2025 forecast indicates order numbers are expected to be sustainable – volume beyond pre-pandemic levels

**Focus on establishing new capabilities, especially in High-Value Manufacturing, i.e., Chemical Milling, Complex Machining, Additive Manufacturing.**

**UMW has signed a new manufacturing contract with Rolls-Royce to localise the rear case by 2025.**

**Customer and product diversification –** Participate in new RFQs, engagement for localisation of precision parts.

# Aerospace Segment – new contract from Rolls-Royce

## The acquisition of chemical milling capability – first in Southeast Asia

### Fan Case Kit – breakdown



#### Mount Ring Assembly

Received as machined part and **assembled** in-house



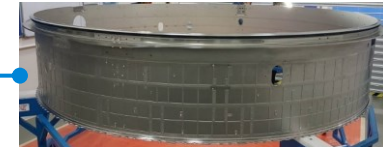
#### Front Case Assembly

Received as forged Titanium. Component is then **machined** in-house followed by **paint** process and **assembly**



#### Final Product: Fan Case Kit

- Consists of about 4000 parts.
- Net Weight: 1,100 kg



#### Rear Case Assembly

Currently received as machined part and **assembled** in-house.

UMW has signed a new manufacturing contract with Rolls-Royce to localise the rear case by 2025.



#### Outer Guide Vane (OGV) Assembly

Received Inner Ring as forged Titanium. Component is then **machined** in-house, **welded** to 44 OGV vanes, and machined again before sent to minor fittings to form OGV Assembly

Received a contract from Rolls-Royce to manufacture rear cases for the latter's Trent 1000 and Trent 7000 aero engines; officially announced on 10 April 2023



- The contract is for **15 years** and **valued at RM1b**.
- UMW Aerospace will be **investing up to RM65m** to set up the chemical milling and related processes to manufacture the rear case at its facility in Serendah.
- UMW Aerospace would be the **first company in Southeast Asia to have developed the chemical milling capability**.
- At present, the rear case is imported from overseas and assembled into a complete fan case.
- **Commercial production** is expected to **commence in 2025**.

# **Redefining Sustainability**

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# CREST@UMW – Redefining Sustainability

## Redefining Sustainability within the Broader Framework of Innovising Mobility

### UMW Sustainability - 4 Key Pillars

<p><b>Pillar 1:</b> SUSTAINABLE ENVIRONMENT - ENVIRONMENTAL STEWARDSHIP</p> <p>100% CARBON NEUTRALITY BY 2050</p> 	<p><b>Pillar 2:</b> SUSTAINABLE WORKFORCE - DYNAMIC WORKFORCE</p> <p>BUILD A PROGRESSIVE AND INNOVATIVE WORKFORCE</p> 	<p><b>Pillar 3:</b> SUSTAINABLE PRODUCTS AND SERVICES - INNOVATIVE &amp; HIGH-PERFORMANCE PRODUCTS</p> <p>ACHIEVE EXCELLENCE IN PRODUCTS AND SERVICES</p> 	<p><b>Pillar 4:</b> SUSTAINABLE LOCAL COMMUNITIES - NURTURING COMMUNITY &amp; SOCIETY</p> <p>CREATE A POSITIVE IMPACT AND WELL-BEING OF LOCAL COMMUNITIES</p> 
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### Key Potential Value Creation Opportunity

Green Energy		Green Product			
 <p>Hydrogen Economy</p>	 <p>Solar Power</p>	 <p>Remanufacture</p>	 <p>Recycle</p>	 <p>Renewable</p>	 <p>Reuse</p>

# UMW's Pathway to Net Zero 2050

## Holistic approach to address Scope 1, 2 and 3 GHG Emissions

### Scope 1 – Mangrove

### Scope 2 – Renewable Energy

### Scope 3 – Supply Chain

#### UMW Green Shoots Initiative



**300,000**

Trees to be planted by 2023

**30,200**

Trees planted YTD May 2023

**197,200**

Total trees planted since 2021

#### Rooftop Solar PV

**4.2MWac**

Current capacity

Additional 4.3MWac by 2023  
(total of 8.5MWac)



#### GET



#### CSI Platform

Bursa Malaysia's  
Centralised Sustainability  
Intelligence (CSI) Platform



Digital Platform developed by  
BURSA and London Stock  
Exchange Group (LSEG)



Collect, analyse and disclose  
GHG emissions data



Monitor performance, identify  
areas for improvement, and  
reporting



# Social and Governance

## Placing the well-being of communities at the forefront of our business and uphold good corporate governance & integrity

### Social & Wellbeing

UMW initiatives are focused on supporting the underprivileged, the underserved and the marginalised through three main pillars:



### HSSE

Digitalising Health, Safety, System & Environment



OCCUPATIONAL HEALTH

OCCUPATIONAL SAFETY

ENVIRONMENT

MACHINE SAFETY

EMERGENCY

### Governance

The Group is driven to continuously strengthen value creation by adhering to essential regulatory requirements, statutory provisions, policies, guidelines and best practices:

- Companies Act, 2016 (**CA 2016**)
- Corporate Governance Guide: Towards Boardroom Excellence (4th Edition) by Bursa Malaysia Berhad
- Capital Markets and Services Act 2007
- Malaysian Code on Corporate Governance 2021
- ASEAN Corporate Governance Scorecard
- Main Market Listing Requirements (**MMLR**) of Bursa Malaysia Securities Berhad (**Bursa Securities**)
- Green Book: Enhancing Board Effectiveness by the Putrajaya Committee on GLC High Performance
- Malaysian Anti-Corruption Commission (Amendment) Act, 2018 (**MACCA**)
- Minority Shareholder Watch Group (**MSWG**)
- Tax Governance Guide 2021 by the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants

# Sustainable Product and Awareness Campaign

## Our commitment towards reducing Climate Change impact

### Electric Mobility



TOYOTA



BEV model to be introduced



PERODUA



Hybrid model production



UMW EQUIPMENT



Expansion of automation business

### Green Product

Biodegradable Hydraulic Fluid (Bio-lubricants)



Forklift Refurbishment



Battery Revival Unique Strategy System ("BRUSS")



Water Reclamation Plant ("WRP") using in-house Ultrafiltration Membrane



### Monthly Environmental Campaign #WarOnWaste

Paperless

**#WarOnWaste**  
Paperless 2023 Q1 Report

UMW Group's Printing Quota Utilization as of Q1 2023

In Q1 2023, UMW Group (non-motor) printed a total of **579,209** pages.

This is **27%** of the maximum 2023 printing target of **2,157,571** pages.

Quarter 1: Printing Quota Utilization by Division

Division	Utilization
Corporation	10%
Equipment	15%
Manufacturing & Engineering	20%
Aerospace	5%
Property & Development	50%

Notes:  
1. Only UMW non-motor divisions are accounted for in this initiative.  
2. The 2023 paperless targets for UMW Group and its divisions are derived from 70% of their 2023 printing utilization.

Save Water & Electricity

**#WarOnWaste**

Switch off the lights when leaving the office

Get your non-electronic products for repair in our office. Please do not bring your own as they are more costly.

Unplug your devices when printing is over today!

**#WarOnWaste**

Building is second to world consumption in energy. By the year 2050, the consumption is expected to increase 300%. In Malaysia, building consumes a total of jobs of electricity generated in the country.

Save electricity Turn off unnecessary electronics.

Reduce, Reuse, Recycle

**#WarOnWaste**

SAVE OUR PLANET

Let's do our part, before it's too late.

Reduce Reuse Recycle

**#WarOnWaste**

A single recycled bottle costs enough money to help 300 well kids for a hour. Reduce Reuse Recycle to help our planet and our kids water pollution through recycling a plastic bottle.

Reduce Reuse Recycle

**Introducing WOW BOX**

WHAT IS WOW BOX?

WOW Box is a Reverse Vending Machine (RVM) that allows us to insert any recyclable materials such as used or empty glasses, plastic bottles or aluminum and unused clothes in exchange for a reward. It is called RVM because instead of putting money inside and getting a product, you insert a product and get a receipt of monetary value.

**THANK YOU**